

*Government Orders*

imbalance which these measures will create in provincial budgets.

Let me put transfer payments in their proper context, because this is a complex issue. I want to point out some specifics for the benefit of those who are listening to us. There are currently three main types of transfer programs. First, there is the Established Programs Financing, second, the equalization program, and third, the Canada Assistance Plan. Let me review them briefly one by one.

First, under Established Programs Financing, taxpayers pay taxes to the federal government who, according to certain criteria, sends part of the money to the provinces for their health and post-secondary education programs.

As for equalization, it is a measure of wealth redistribution or rather a measure of redistribution among the provinces of the capacity to generate income. Seven provinces benefit from the equalization program; the amounts they were entitled to were recently capped. Whenever something is expensive, they put a limit to it so that the costs will not increase too much in the future.

So, one of the first bills that the government tabled before the Parliament was Bill C-3, to limit equalization payments so that they would not increase too much. And yet, the objective of this program is to redistribute wealth. Consequently, that bill meant limiting the ability to redistribute wealth.

Obviously, the Liberals have lost this concept in the last few weeks or months, or even in the last years. They should now be called the old Liberals, since they look more and more like Conservatives. Even if they do not like to hear that, they must be called by their name, they must wear the hat that fits them.

• (1750)

The third type of transfer payment is the Canada Assistance Plan. That is mainly in the welfare sector. The government is funding a part of provincial spending in that sector.

So, there are these three components. Let us take equalization payments from that, because they are not affected by the new Canada social transfer. All there was to say on this is that the government has limited the potential growth of that system.

In the new Canada social transfer, the two other types have been amalgamated: the Canada Assistance Plan and Established Programs. They become one single program.

Obviously, because this government intended to cutback post-secondary education and attended the demonstrations made by students—I remember well seeing them on the Hill—they said: “It is true. When they are told directly that education or health will be cut, they react. Therefore, we should mix everything together and proceed with cuts thereafter. This way,

they will not be able to say that we have made cuts in a specific area, be it education, health or social welfare. Provincial governments will be totally free to choose where to cut. That is flexible federalism”. That is what you are told. You are free to choose in what area you will cut: education, health or social welfare. That is what this government is defending, almost with a smile, in joy and almost with conviction. This is very astonishing.

This new Canada social transfer will reduce the amounts transferred by \$2.5 billion, not this year, obviously, because it knows perfectly well that this is a very important year on the Canadian political scene because of what is going on in Quebec. Therefore, it is waiting. Since it does not want to decide now how to define the new Canada that it wants to build, it will reduce the amounts transferred by \$2.5 billion next year and by \$4.5 billion the following year, without saying who will be affected and to what extent. All that is known is that it will happen in the second year, that \$650 million of the \$2.5 billion will be cut in Quebec, and that in the following year, as much as \$1.9 billion of the \$4.5 billion could be cut in Quebec.

Quebec would assume more than its share since the criteria used for allocating funds under the Canadian social transfer are going to be reviewed. Given the lobbying efforts which will be made by the wealthiest provinces, such as Ontario, one can be sure that these provinces are going to try to get a bigger share.

Furthermore, we are all aware of the upcoming election in Ontario and of the possibility that their Liberal colleagues will be elected. They are going to show great compassion for their colleagues and no doubt help make their transfer payments more generous. Again, Quebec would assume more than its share. As I said earlier, these cuts could add up to \$1.9 billion.

During the two minutes remaining, I will show how intolerable it is to implement all these cuts while insisting on maintaining the same standards and probably raising them. All the while federal members of Parliament are strolling through their ridings, patting themselves on the back and claiming that we have an extraordinary health care system. They say to their constituents that they will be protected, that they will define standards. They will do it and the bill will be paid not by the federal government, but by provincial governments. They are the ones who will be stuck with the difficult job of deciding how to do it. The federal government will only ask them to adhere to standards—that will probably be raised—with less money. Go figure.

We do not want to allow for flexibility or to leave the governments some room to adjust. We prefer to remain good members of Parliament and, as such, protect the principles and preserve the universal aspect of social programs. So we let them manage the monetary aspect of the matter.